

2. Opening - Keynote Address by Vice President Al Gore

Madeline K. Albright
Secretary of State
United States of America

The Global Forum on Fighting Corruption: Safeguarding Integrity Among Justice and Security Officials formally began at 9:00 a.m. Wednesday, February 24, 1999 in the Loy Henderson International Conference Room, Department of State, Washington, D.C. A list of participants at the Global Forum is provided in part 19 of this Final Report. A copy of the Global Forum program, listing all prepared presentations, is contained in the Appendix to this Report.

The Global Forum was called to order and opened with introductory remarks by United States Secretary of State Madeline K. Albright. The full text of her remarks may be found in the Appendix.

She welcomed the Vice President and other participants in the Global Forum to the Department of State. She observed that it was fitting that for this Global Forum on Fighting Corruption, a truly global audience had assembled. The surprising breadth of this conference reflected a fundamental understanding that corruption was not merely a private breach of ethics, but a matter of profound political and social consequence, especially for efforts to strengthen democratic governments. Some might suggest that corruption is endemic to human nature and that it was futile to attempt to fight it. The truth was that there was in fact progress. The OECD Convention on Bribery of Foreign Public Officials in International Commercial Transactions entered into force that month. The Inter-American Convention Against Corruption had been signed by almost every country in the Western Hemisphere, and deserved prompt approval by the United States Senate. The Council of Europe's Criminal Law Convention Against Corruption opened for signature in January. African countries were discussing a regional anticorruption regime. Individual countries, government institutions, even local governments, from New Orleans, Louisiana to Palermo, Sicily, were strengthening justice systems and building as several participants had properly described as a "culture of lawfulness."

These advances of recent years reflected several important principles. One was that action against corruption must address both demand and supply. This meant not only making bribery illegal, but ensuring that officials were made less susceptible to bribes by paying them sufficiently. A second important principle was accountability. Officials that were adequately paid must know that corruption would result in their dismissal, and that serious or repeated transgressions could bring imprisonment. Third, it was necessary to assure

clarity in teaching and maintaining the distinction between public duties and private preferences. People everywhere must understand that corruption is not capitalism's natural product, but its perversion. Underlying everything was the fundamental principle of establishing and reinforcing the rule of law.

All that might be done to prevent corruption by stronger laws and greater accountability, however, would be vitiated if corrupt officials or businesspersons faced compromised police, or prosecutors or judges that could be bribed. Pursuing a culture of lawfulness necessitated striving for an independent judiciary, a free press, and a bureaucracy that is efficiently organized and fairly paid. Religious and ethical leaders, as well as public officials and businesspeople, all had pivotal roles. No country had a monopoly on wisdom in achieving a culture of lawfulness. In the United States, after 200 years, this remained a work in progress. During the past decade, governments in several regions had fallen at least in part because their people would no longer tolerate public corruption.

This was the reason that the principle of mutual evaluation had been so valuable to anticorruption efforts to date. The failure or success of efforts against corruption would determine whether societies would be governed by individuals or laws.

No one had done more in the United States to further good governance than Vice President Gore. His efforts to improve and streamline the United States Government had given Americans a government that worked better, cost less and delivered results. He conveyed the understanding that individuals and nations were equally part of something larger than themselves. This understanding must be central to any real solution to the problem of corruption, which was based on the illusion that happiness rested on self-indulgence, rather than service to one's community, country and faith. She was pleased to introduce Vice President Gore, Chairman of the Global Forum.

Vice President Al Gore Chairman

Vice President Al Gore, Chairman of the Global Forum, next offered a keynote address. The full text of his remarks may be found in the Appendix.

He noted that this was what historians might call an open moment, when some combination of luck and circumstance offers people the chance to choose a better future. This moment offered a chance to draw on mankind's oldest ethical values, its strongest democratic principles, and the newest tools and technologies, to create a world that is not merely better off, but better for all who inhabit it. In the Old Testament, Moses taught the people of Israel: "Do not accept a bribe, for a bribe blinds the eyes of the wise and twists the words of the

righteous." A thousand years later, Confucius began to set the high moral standard he believed would make for a more harmonious society. Still later, the Koran said: "O my people: Give full measure and full weight in justice... and do not evil in the earth, causing corruption."

"Corruption is an old affliction, and no corruption is more damaging than the corruption that is the focus of this conference: corruption among justice and security officials, those pledged to uphold the law."

The modern speed of information, movement of capital and increase of trade had magnified the potential impact of official corruption. Official corruption could speed environmental destruction, accelerate the drug trade, and encourage the smuggling of biological, chemical or nuclear weapons materials. Economically, corruption represented an arbitrary, exorbitant tax. It led to wasteful government spending, larger deficits, greater income inequality, and a crisis of confidence that could spark capital flight, lead to economic crash, destabilize governments and put people around the world out of work. There could be no serious doubt that the present global financial crisis had been aggravated by corruption. No country could insulate itself from corruption beyond its borders. Every nation must therefore work with every other nation to fight corruption wherever it exists in the world. In working together, nations must acknowledge a central truth.

"No nation has a monopoly on virtue. None has a corner on corruption. And no nation has the right to lecture any other."

The United States had recently had border officials arrested for accepting bribes to look the other way while illegal drugs were smuggled into the United States. The enormous sums spent by drug traffickers to seek to corrupt U.S. officials put immense pressure on the professionalism of law enforcement officers. The United States was engaged in a serious, rigorous discussion of every possible avenue for safeguarding against corruption, in the United States and abroad. He welcomed the participants in the Global Forum to the United States, and thanked them for coming to join in this three-day conversation on fighting corruption.

Although the media might make it appear that corruption was increasing, there were important factors at this time that could lead to the success of efforts against it. The world's tolerance for corruption is fading. Rather than being accepted as merely a cost of doing business, corruption was becoming recognized as a serious crime with severe consequences, sacrificing the public welfare for the personal profit of a corrupt official. The extent of global concern at fighting corruption was illustrated by the fact that initially, only about 40 countries were expected at this Global Forum. In fact, representatives from nearly 90 were present. Several countries had strongly urged the United States that they wished to be invited. Fighting corruption was clearly an idea whose time has come.

Further, the world today had leaders, many present at this Global Forum, who had placed the fight against corruption at the heart of their public mission. There was no substitute for leadership by example, especially in the issue of official corruption.

Another force favoring the fight against corruption was the trend toward government reform, or re-inventing government. Five weeks before, he had hosted an international conference on re-inventing government in the same facility at the State Department. The effort to institute reforms that help government work better and cost less in many cases entailed the same steps as those that would help to reduce corruption. Adopting fewer, clearer government regulations, reducing monopoly power, and increasing accountability by focus on measurable results, were all principles of re-inventing government that also help to reduce corruption. The fight against corruption is not separate from the process of government reform. Both are efforts to make self-government work for its citizens.

Further, the universal desire to see oneself as ethically upright made individual conscience a powerful factor against corruption. Public conscience, as expressed through the public voices of clergy of all religions, was also a powerful factor in public life. He looked forward to the work of the religious figures who were present at this conference. Most people, driven by conscience, would prefer to be honest. Reforming government systems to reduce temptation and engage consciences will reduce corruption.

Finally, the information age created a new factor that might be decisive in the fight against corruption. Corruption thrives on ignorance, and needs secrecy and darkness. The free flow of information, the signature trait of the present age, is the one thing with which corruption cannot coexist. Recent examples of success against corruption come from the power of information and the action of civil society. The approach of collaboration between government authorities and civil society to conduct diagnostic surveys to identify and eliminate sources of corruption had excellent early results. The United States planned to work closely with the World Bank, local organizations, civil society, other international donors and non-governmental organizations to support such diagnostic surveys, when a country has shown that it is committed to the rigorous self-analysis necessary to launch a process of reform.

This initiative was a part of an administration-wide effort to mount a comprehensive, global response to the problem of corruption. Over the next two years, the United States would work with other countries to urge other exporting nations to ratify and implement the OECD Convention; to develop and implement global standards on transparency and accountability; to conclude an agreement on transparency in government procurement at the World Trade Organization ministerial in Seattle later in 1999; and to pursue regional anticorruption initiatives

in the Americas, Europe, Africa and Asia/Pacific, including urging ratification by the United States Senate of the Inter-American Convention Against Corruption. The United States looked forward to working with other governments to take advantage of mutual evaluation processes to facilitate the implementation of anticorruption regimes.

Vice President Gore suggested that participants at this conference discuss ways to supplement mutual evaluation processes with an Internet-based reporting device, and to consider offering individual citizens and business people the opportunity to assist in such evaluations. The information age offered great opportunities for action against corruption, but if these values were not fought for, it could also simply create more efficient channels for its spread.

He closed by inviting participants to work to institute open, honest, transparent, democratic systems that would help make public servants accountable for the best and most honest use of public money, and for earning and safeguarding the public trust.

James D. Wolfensohn
President
World Bank Group

Vice President Gore then introduced James D. Wolfensohn, President of the World Bank Group. The full text of Mr. Wolfensohn's remarks may be found in the Appendix.

He welcomed the Vice President's announcement of the United States desire to move further on the issue of diagnostics. The Bank looked forward to working with the United States on this issue.

He said that when he came to the World Bank, he had been given an admonition by the Bank's general counsel that under the Articles of the Bretton Woods agreements, he should deal with economic matters and not political matters. He had been cautioned that corruption was identified with politics, and that the Bank's Board would object if he were to address it.

After visiting a number of countries, in 1996 he decided that "corruption" should be defined not as a political issue, but as something social and economic. The Executive Director of the International Monetary Fund had come to a similar conclusion at the same time. All evidence indicates that the major inhibiting factor to investment and to constant development, a major factor adversely affecting the lives of poor people in terms of equity and opportunity, was corruption. He found it interesting that after 50 years of not mentioning the word, the next year the central item on the agenda of the Bank's Development

Committee was corruption. The central discussion by Finance Ministers was corruption, and every Minister spoke. This experience bore out the Vice President's observation that this is an idea whose time has come, and Mr. Wolfensohn was delighted about it.

Like governments, the Bank had decided that it should first examine its own activities. A few people had been found to have done improper things. The Bank was disclosing this publicly in the press, reflecting its belief in transparency. It had instituted its own internal programs on ethics, including three-day seminars, in part to assure governments that it did not feel immune from these problems, but recognized that all shared them.

Further, this had helped the Bank as it come to member countries, at their request, to contribute to practical responses to these problems, through diagnostics procedures which Mr. Kaufmann of the World Bank would discuss at a Forum session in the afternoon. These procedures relied on non-threatening, non-personal reviews to determine the systemic issues in corruption. This was not a political issue, it was a human, a development and an economic and social issue.

He would shortly depart for Korea to participate in a conference on the structure of the international financial system. In that context, in addition to the issues of financial and monetary policy, there must be an equally important analysis of governance and structure, social services and equal opportunity, human and personal rights. Stable economic and monetary development could not be built on an unstable structure. Any discussion of finance and development is meaningless without an approach on governance, corruption, justice and law. This was central to the position of the World Bank as an institution.

Donald J. Johnston
Secretary-General
Organization of Economic Cooperation and
Development

The Vice President then introduced Donald J. Johnston, Secretary-General of the Organization for Economic Cooperation and Development. The full text of Mr. Johnston's remarks may be found in the Appendix.

Corruption in government undermines democracy and economic well being. It undermines confidence in democratic government, a problem for established democracies as well as new ones. It fosters criminal elements, wastes public resources, slows economic development and distorts trade. Effective action against corruption requires a broad-based approach involving

government, civil society, enterprises, trade unions and the media, as well as official policies of prevention, correction and enforcement.

The OECD addresses corruption from the "demand side" through work on public service ethics, and the "supply side" by action against bribe givers.

On the "demand" side, corruption results from flawed government systems, faulty legislation and weak public institutions that do not enforce laws, and fail to provide adequate control, oversight and transparency. To assist member governments to address their own strengths and weaknesses in protecting the integrity of their governments, in April 1998 the OECD countries adopted "Recommendations on Improving Ethical Conduct in the Public Service."

On the "supply" side, the OECD negotiated the Convention on Combating Bribery of Foreign Public Officials in International Business Transactions. This Convention entered into force on February 15. Twelve of 34 signatories have ratified the Convention. Signatories include five non-members of the OECD. This Convention responded to a request by the United States in 1989 that the OECD initiate a multilateral anticorruption effort. In 1994, general agreement was achieved that each OECD country should combat bribery in international business transactions. In 1997, they agreed on a recommendation on more specific measures, and received a mandate to negotiate a binding criminal law treaty. The fact that this was completed within six months testifies to how the commitment of OECD countries to fight corruption has grown.

Countries that become party to this Convention agree to make it a crime in their country to bribe foreign officials in order to secure business or undue business advantage. OECD members are major trading countries and the major competitors in most international markets. Their companies supply much of the large-scale bribery that undermines fair competition in the international trading system. Essentially, the OECD members are taking responsibility for upholding the trading system.

To address the concern that high economic stakes may lead other countries and enterprises to fail to match a nation's anticorruption effort, the Convention contains a commitment to engage in systematic monitoring of each country's performance. Starting immediately, the OECD will examine national laws to implement the Convention to assure that they are adequate. Thereafter, Parties to the Convention will examine how each country is enforcing these laws.

Mr. Johnston said the OECD and its member governments had a responsibility to extend the reach of anticorruption efforts also to transactions within the private sector. The OECD Convention goes far to protect international public procurement from corruption. However, with substantial privatization of formerly state-owned enterprises, it was important to extend these principles also to transactions within the private sector.

Finally, the OECD had a responsibility to look beyond its borders. Its Development Assistance Committee has endorsed a strategy to combat corruption in bilateral aid-funded procurement. All members of this Committee are using or require anticorruption provisions in aid-funded procurement contracts. The OECD Development Center, which held another conference in Washington that same week on the role of the private sector in fighting corruption, conducts research on how to adjust anticorruption strategies to meet needs of developing countries.

The OECD was working with other multinational organizations, and others, to share experiences beyond OECD. The SIGMA program, a joint initiative of the OECD and European Union, advises governments in Central and Eastern Europe on how to raise integrity in state institutions through anticorruption strategies. In cooperation with USAID, the OECD has created an Anti-Corruption Network for the countries of Central and Eastern Europe and the former Soviet Union. In Asia, the OECD is cooperating with the Asian Development Bank and the United Nations Development Program to create a forum for exchanging experiences on ways to improve integrity and transparency in government and to mobilize civil society and business in anticorruption efforts. It was also important to take note of activities of the private sector to combat bribery, when businesses faced extortion and the hard choice of whether to bribe. Organizations like the International Chamber of Commerce are helping businesses to develop individual responses and to shape OECD policies and recommendations.

In response to journalists' questions of whether the OECD Convention is rather naive, he replied that some countries are perceived as more corrupt than others. However, there were no "corrupt countries", since even in countries assessed as most corrupt in polls like that carried out by Transparency International, there were many honest officials, businesses, citizens and institutions mobilized to fight corruption. Fighting corruption effectively required leadership, in national and local governments, parliaments, the judiciary and security forces, and citizens. It also required partnership. No single effort could accomplish the purpose. He hoped the work of the OECD and of the Global Forum would help the many leaders at the conference and around the world who were determined to fight corruption.

Pino Arlacchi
Executive Director
Center for Drug Control
and Crime Prevention
United Nations

The Vice President next introduced Pino Arlacchi, Executive Director of the United Nations Center for Drug Control and Crime Prevention in Vienna.

Mr. Arlacchi observed that the problem of corruption was not inherent in any one society; its reach was truly global in scope. A survey contained in the United Nations World Development Report for 1997 reflected that at least 15% of businesses in industrialized countries, about 40% in Asia, and up to 60% in the Newly-Independent States reported having to pay bribes in order to do business. Taxpayers, businesses and citizens demanded better performance by public servants than a search for unpaid advantage.

The United Nations and the global community had increasingly begun to be aware of and to act against this problem. The United Nations had approved a Code of Conduct for Public Officials, and a Declaration Against Corruption. The OECD had concluded its Convention against bribery of public officials in international commercial transactions.

Nevertheless, the World Bank had estimated that national economic growth was retarded by 1/2% to 1% annually in those countries where the incidence of corruption was greater. In an age of globalization, corruption robbed societies of the opportunity to improve their social systems. Numerous recent cases provided examples where the people of a country demanded accountability, and had proven able to secure effective change very rapidly. Such efforts often began by a small minority, which in the end became a majority in civil societies as a force for change. In recent examples as diverse as Venezuela, Turkey, Indonesia and Brazil, such popular rejection of corruption by voters had been reflected in significant changes of political leaders' attitudes toward corruption. It remained for the international community to deliver concrete support to respond to this with concrete actions.

For this reason, the United Nations Center for Drug Control and Crime Prevention had begun to elaborate a proposed Global Programme Against Corruption. The overall goal of this Programme was to build institutional capabilities to prevent or fight the problem of corruption at its source. To accomplish this would entail expanded delivery of technical assistance in the specific areas of accountability, transparency and upholding the rule of law. The Programme also includes a research element, including a systematic exploration of the nexus between corruption and organized crime.

The United Nations was at this time engaged in negotiation of a major new international convention against transnational organized crime. In these negotiations, it would be important to extend the range of measures which had been found effective to attack the structural underpinnings of organized crime also to fighting corruption. These included eliminating the use of bank secrecy to impede corruption investigations, and to address the fact that the proceeds of corruption must ultimately come to rest in particular places, in particular financial institutions, through the operation of money laundering systems of the types employed by organized crime. Legislation providing for the confiscation of

criminal assets derived from the proceeds of acts of corruption, to provide witness protection programs in corruption cases, and urging adoption of universal standards to control money laundering were important. Guaranteed independence of the judiciary was absolutely fundamental to protect societies against corruption. All of these elements were addressed in the new convention, which would contribute also to global efforts against corruption.

These recent actions, including the Global Forum, represented another step against the idea that corruption is innate or inevitable among humans. The philosopher Edmund Burke concluded that: "Liberty cannot long exist among a people generally corrupt." In societies where corruption prevailed, power was based solely on deception and violence, and use of such means was the only way to advance. The time had come to bolster international agreement to fight this perception of the problem of corruption.

Jeremy Pope
Managing Director
Transparency International

The Vice President then introduced Jeremy Pope, Managing Director, Transparency International, and invited him to offer the perspective of the non-governmental sector on the subject of the meeting. The full text of Mr. Pope's remarks may be found in the Appendix.

Mr. Pope said that while the subject of this meeting was primarily addressed to the role of governments, governments would find it difficult to act unless supported by the political will of an informed citizenry. The role of civil society in efforts against corruption was crucial, and Transparency International appreciated the opportunity to offer some views from a non-governmental perspective on the work that governments would undertake at this meeting.

It is important to recall the human face of tragedy that can, and often does, lie behind the facade of corruption. Too often, those officials of governments that should serve as the protectors of the poor or weak became those that extorted from the people they swore to protect. This is the situation this Forum had to confront and change. The issue of corruption was too important to be left to governments alone, and the Vice President's invitation to Transparency International to participate reflected his recognition of the partnership role that civil society has to play in fighting corruption, not by attacking governments, but by working with them.

Transparency International was formed six years before. At that time, a meeting like this would have been inconceivable, the thought of sharing a table with the others speaking at this session would have been too bizarre to

contemplate. There was an absolute taboo against discussing the topic, even in the private sector and more in official fora. The subject was too delicate, and too embarrassing to mention. As Mr. Wolfensohn had just described, the World Bank considered the topic off limits. Transparency International was: "mad, bad -- and dangerous to know."

The world had changed dramatically since those comparatively recent days. Transparency International now has 70 national chapters around the world. A grand global consensus was being formed that brings together governments, development agencies, international organizations, the private sector and civil society to develop and extend systems of governance, build popular support for reform efforts, and create a climate of confidence that the problem of corruption can be addressed effectively.

Among recent important successes was the OECD Convention, designed to contain transnational bribery of foreign officials. Transparency International would monitor its impact through surveys in emerging markets, work to gain greater private sector support, develop integrity standards for corporations, and hoped to participate in building a Website to promote interaction about the Convention's effects. The OECD also had much to do, and it was essential that governments equip it to undertake the analytical work required if laws and procedures introduced by individual governments were to be professionally evaluated and made most effective.

Governments would be cautious of imposing more demanding legal regimes on their own enterprises than those imposed by other governments on those firms' competitors. Businesses will be conscious that they not be asked to restrict their activities in ways their competitors do not. Active participation of the private sector, civil society, bar associations and the like was important to help build confidence. Inclusion of a monitoring mechanism in the OECD Convention was admirable but it must be ensured that all could participate.

There must also be effective international criminal assistance arrangements. This meant that countries must have sufficient faith in each others' judicial systems to be prepared to deport citizens to stand trial abroad when this is warranted. Developed countries had the problem of unanswered requests for extradition of those wanted for grand corruption. They also held huge sums of public monies looted from countries in transition, and faced the question of how it could be ensured that these were returned to benefit the people of the countries from which they had come.

It was also necessary to address the demand side of bribery, to make demanding bribes a high risk, low profit undertaking. The most cost-effective approach is prevention; every prosecution represents a failure of prevention.

The OECD Convention represents a beginning, not an end. The Inter-American Convention Against Corruption provides an opportunity for the Western Hemisphere to act collectively, but its failure to provide for monitoring is indefensible. He appealed to all actors to re-energize this process, and to the host government to ratify the Inter-American Convention and place itself in a credible position to promote the concept of monitoring. Similarly, Transparency International sought adequate support for the monitoring mechanism for the recently concluded Council of Europe convention. He closed by calling on the global community to offer all possible help to Nigeria as its new elected president took office, while recognizing that in Nigeria as elsewhere, the international community can and must support and help, but the will and commitment must come from within.

This session was recessed at 10:10 a.m.